



Congressional Budget Office

December 4, 2013

Overview of the Federal Budget

National Conference of State Legislatures Fall Forum

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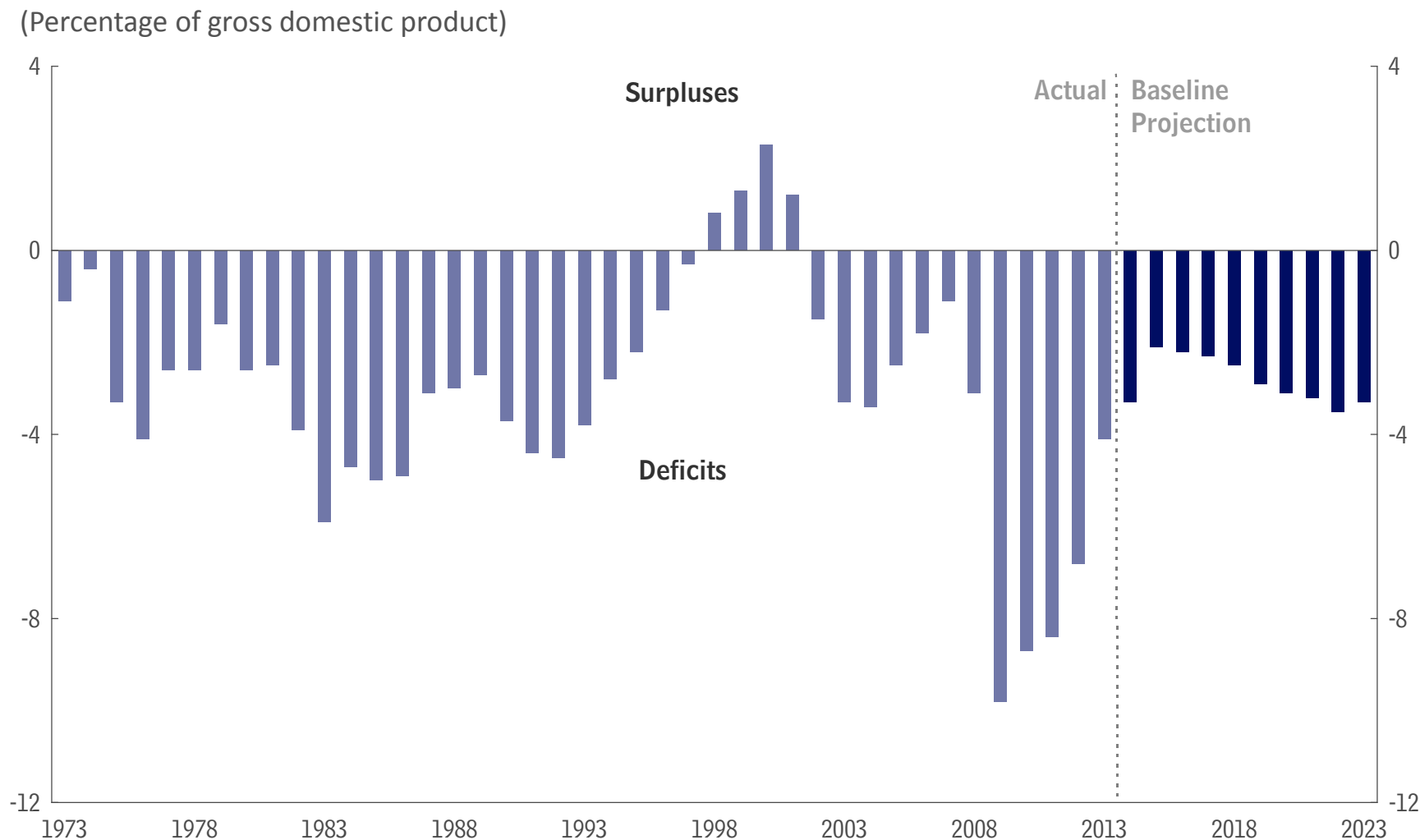
Budget Totals, 2009, 2013, 2015

	Billions of Dollars			Percentage of GDP		
	Actual, 2009	Actual, 2013	2015	Actual, 2009	Actual, 2013	2015
Total Revenues	2,105	2,774	3,399	14.6	16.7	18.6
Total Outlays	3,518	3,454	3,777	24.4	20.8	20.7
Total Deficit	-1,413	-680	-378	-9.8	-4.1	-2.1

Upcoming Decisions Facing Lawmakers

- Appropriations for fiscal year 2014 (January 2014)
- Statutory limit on federal debt (February 2014)
- Longer-term budget issues posed by the large current and projected federal debt and the implications of rising health care costs and the aging population

Federal Budget Deficits or Surpluses

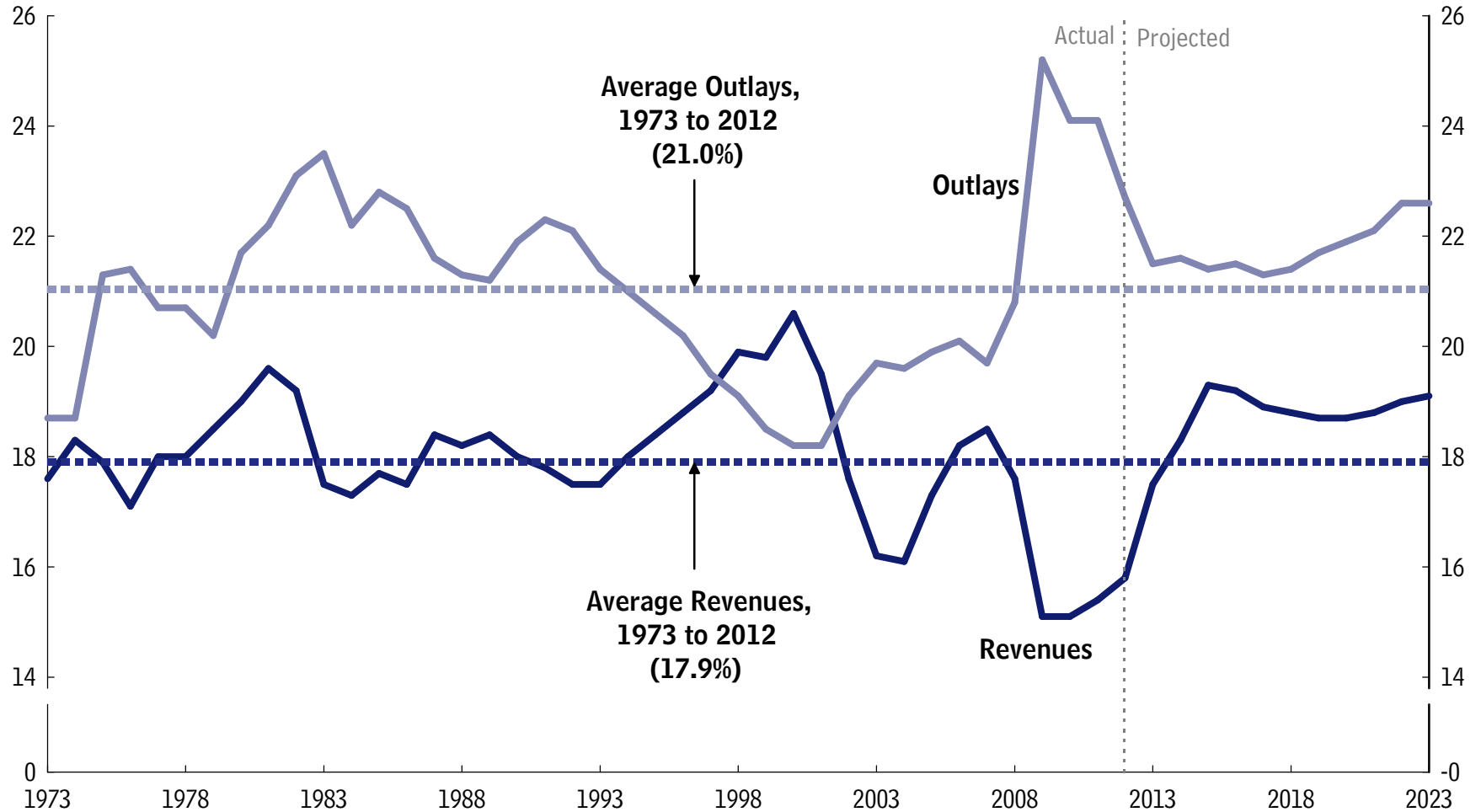


The deficit figure for 2013 comes from the Final Monthly Treasury Statement released on October 30, 2013.



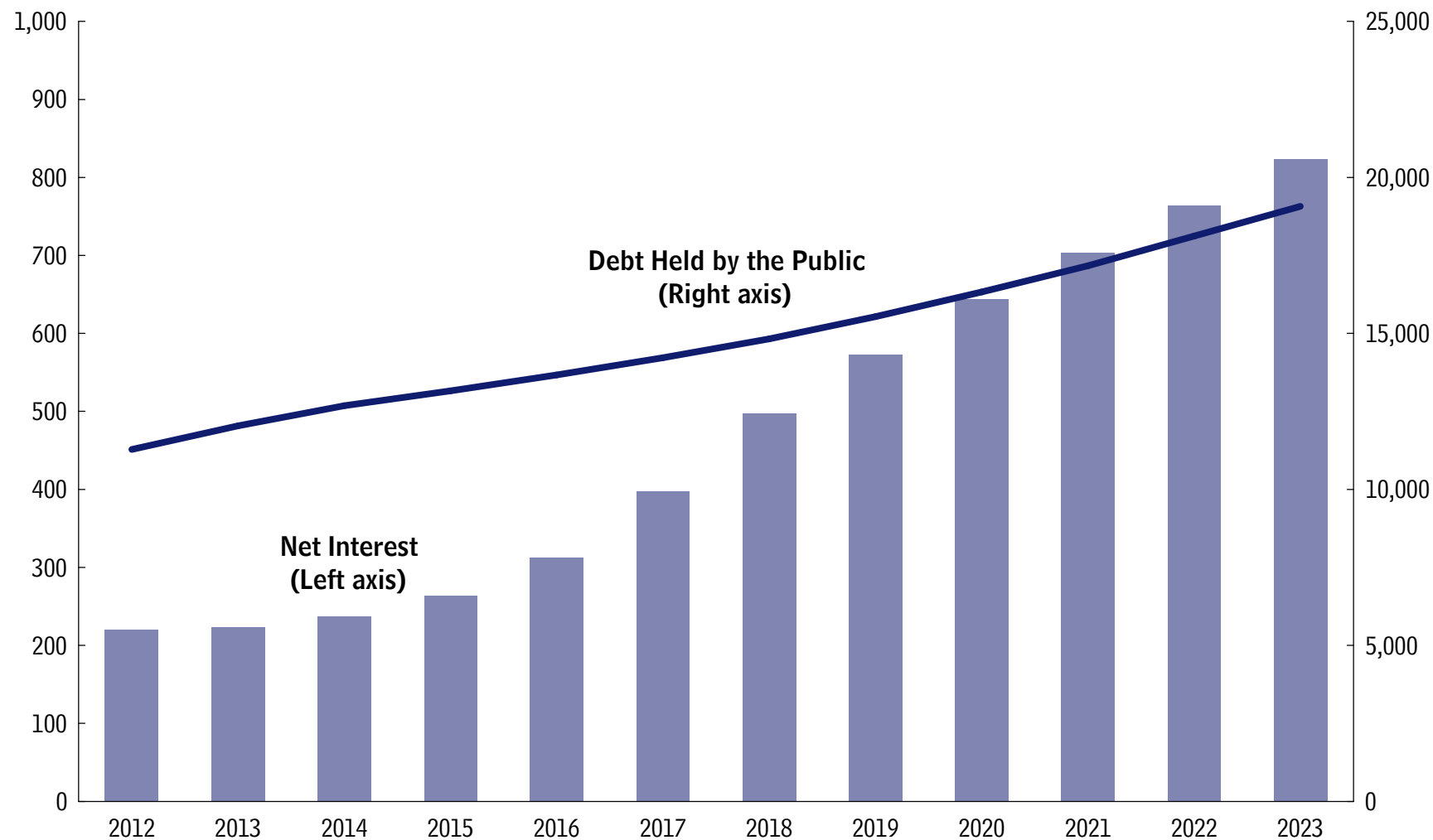
Total Revenues and Outlays

(Percentage of gross domestic product before BEA revisions)



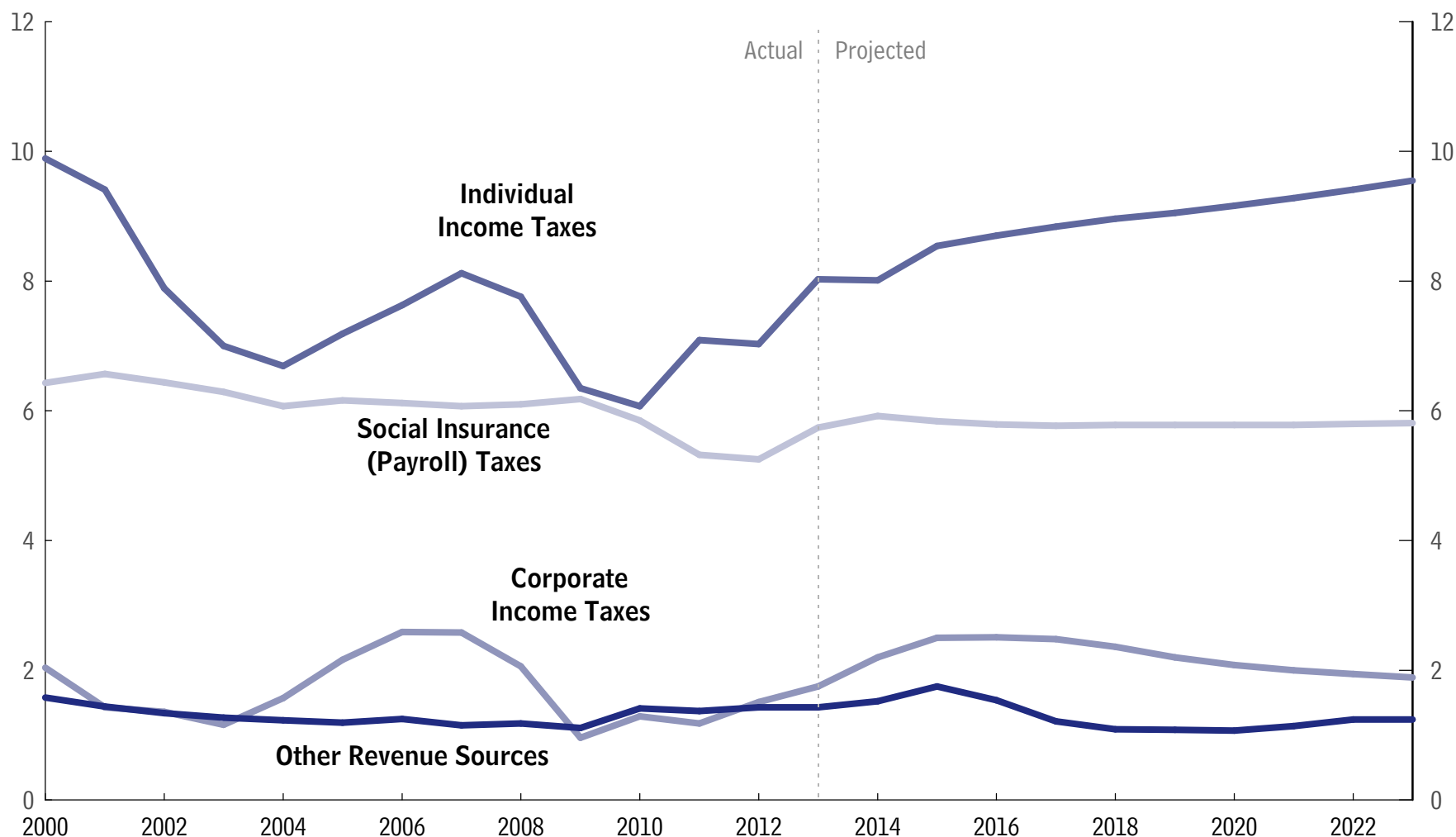
Debt Held by the Public and Net Interest

(Billions of dollars)



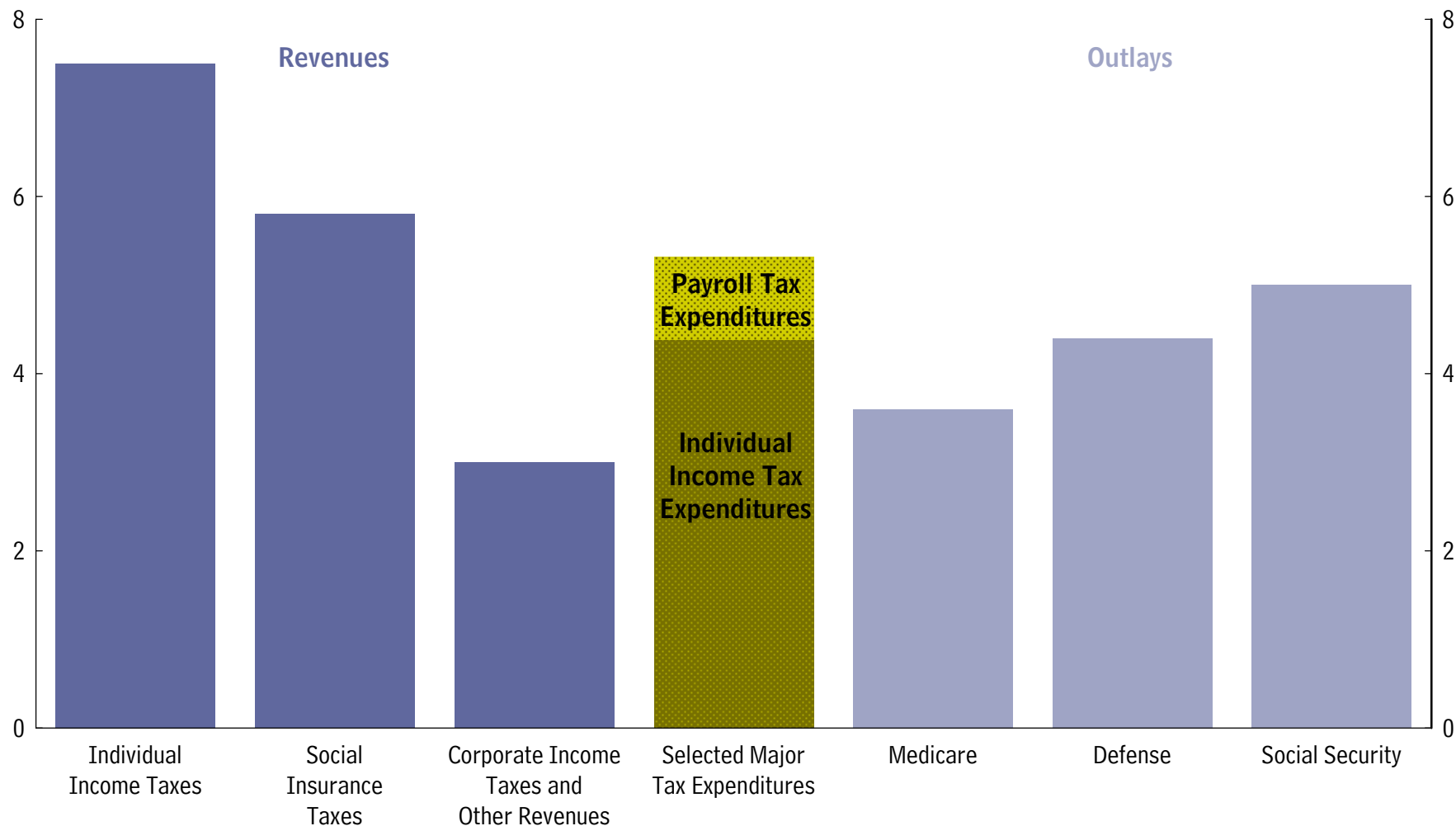
Revenues, by Major Source

(Percentage of gross domestic product)

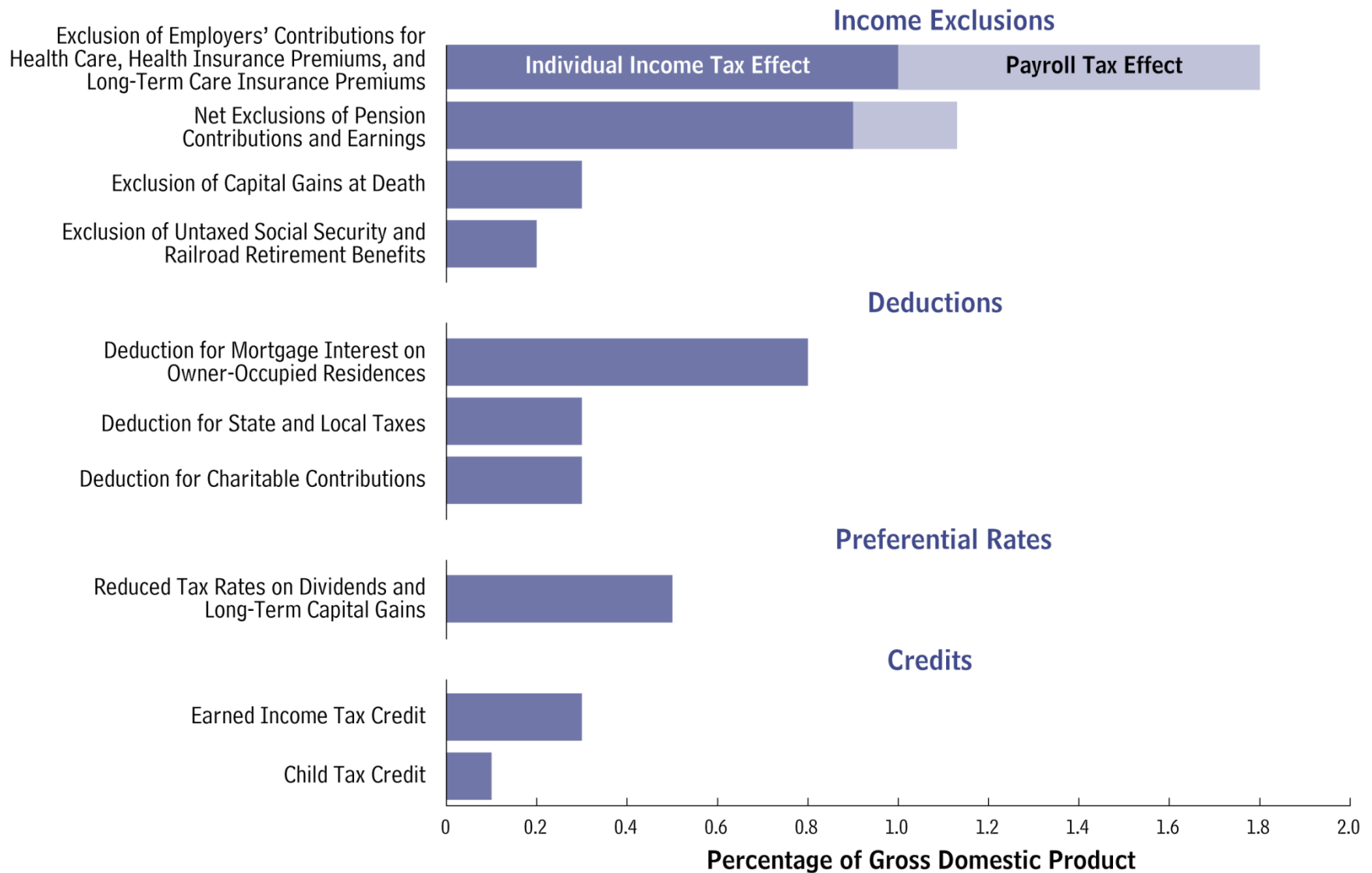


Selected Major Tax Expenditures in 2012, Compared with Other Categories of Revenues and Outlays

(Percentage of gross domestic product before BEA revisions)

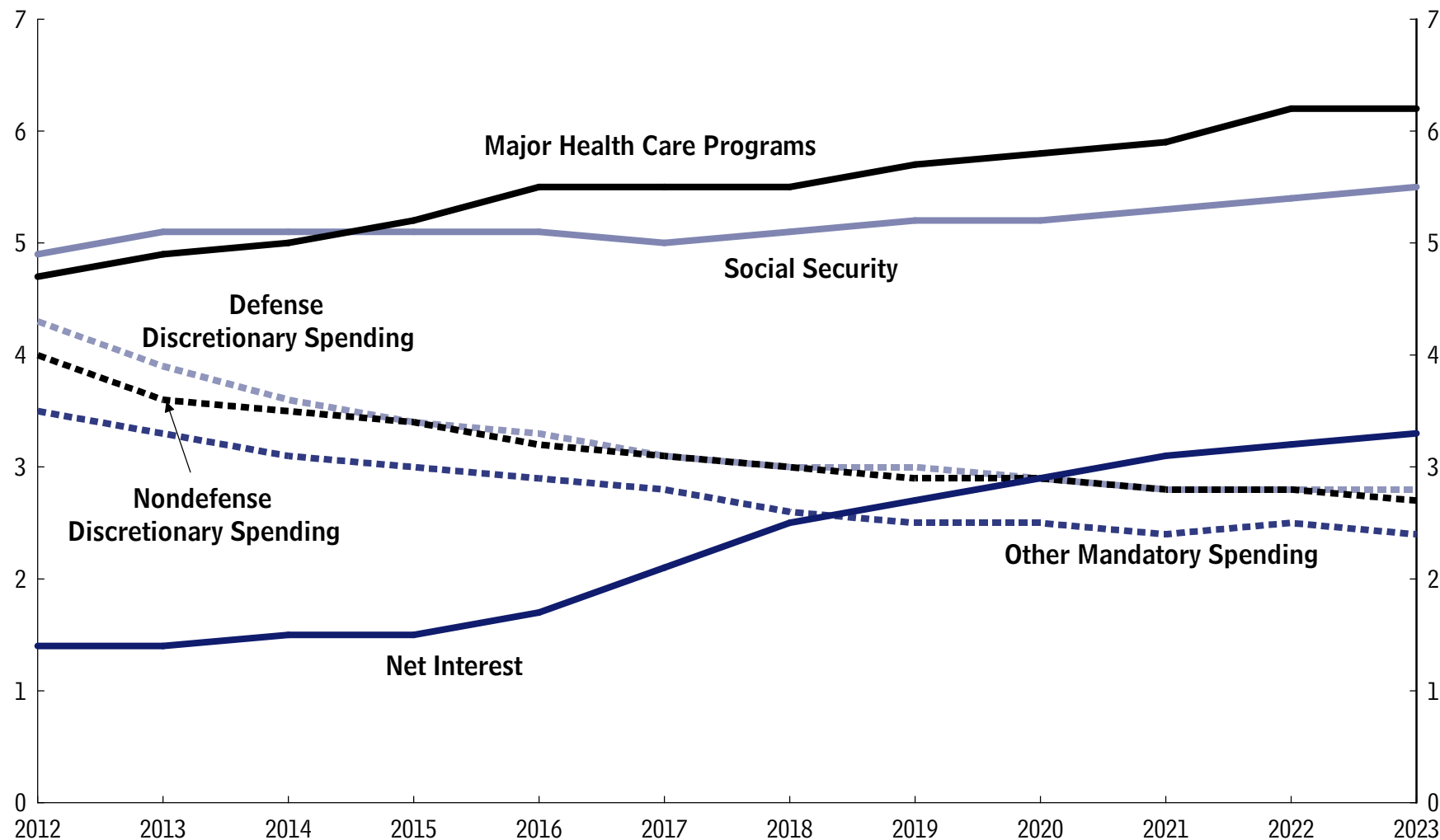


Effect of Selected Major Tax Expenditures, 2013 to 2022



Projected Spending for Major Budget Categories

(Percentage of gross domestic product before BEA revisions)



Federal Debt Held by the Public Under CBO's Extended Baseline

(Percentage of gross domestic product)



The Projection of Debt

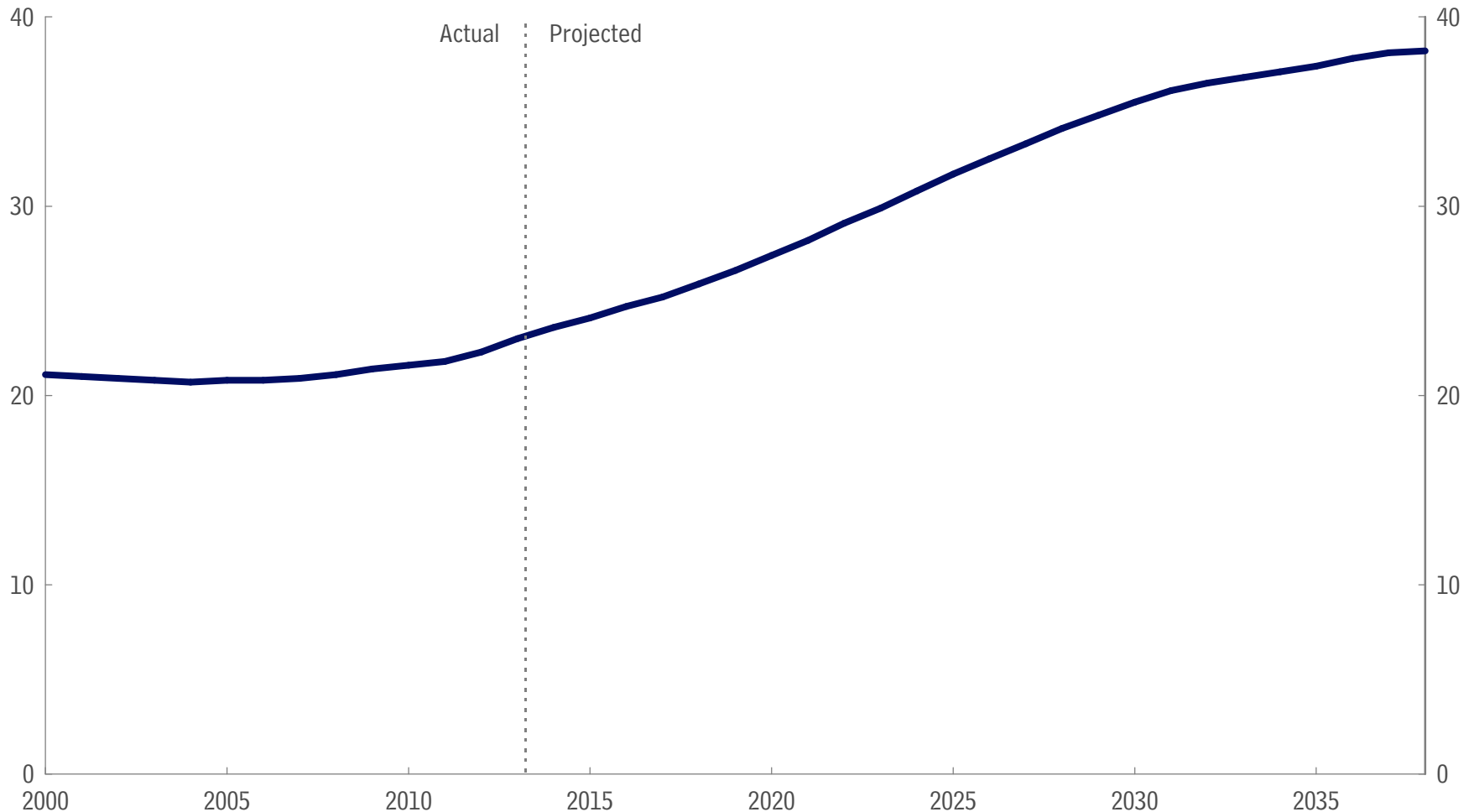
- Current debt is very high by historical standards.
- Discretionary spending is projected to decline to historically low levels.
- The 10-year horizon does not fully reflect long-term pressures.

Why Does Rising Federal Debt Matter?

- Tax revenues are used to pay interest rather than to finance current programs.
- Crowding out of saving and investment lowers future output and income relative to what would otherwise occur.
- The ability of the government to respond to future challenges is reduced.
- The risk of a sharp jump in interest rates (perhaps related to flight from U.S. Treasuries or U.S. assets more generally) is heightened.

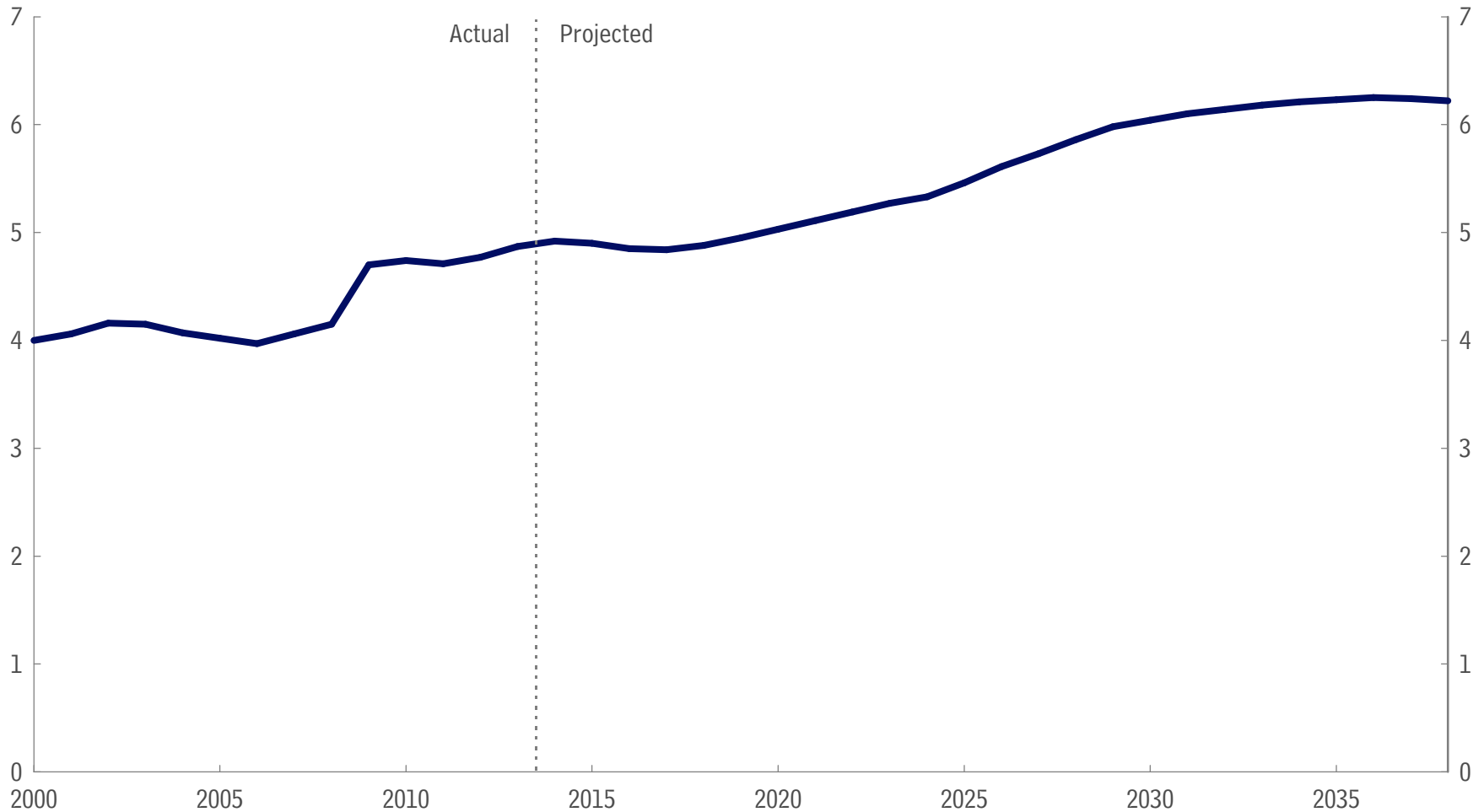
Population Age 65 or Older as a Share of the Population Ages 20 to 64

(Percent)



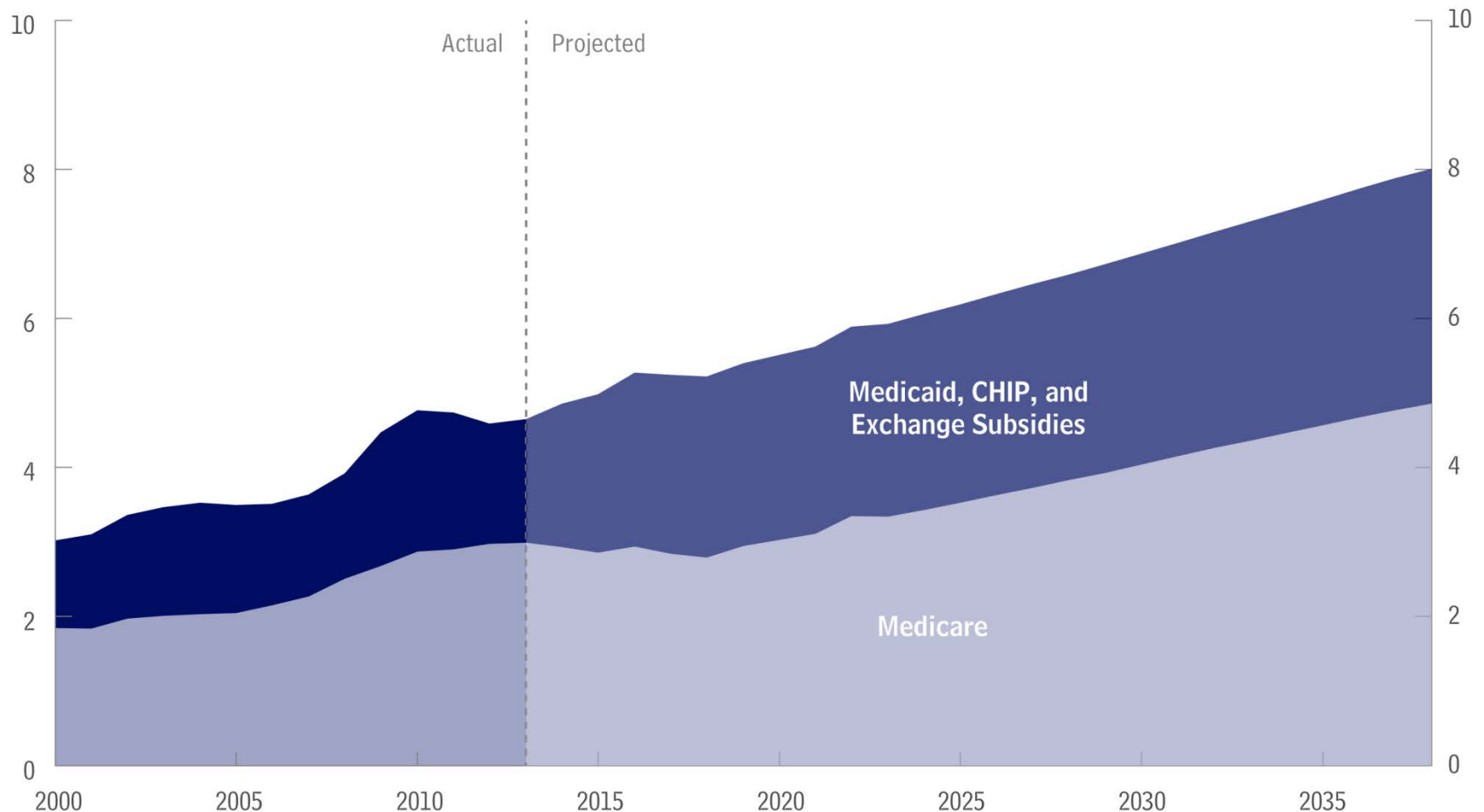
Spending for Social Security Under CBO's Extended Baseline

(Percentage of gross domestic product)



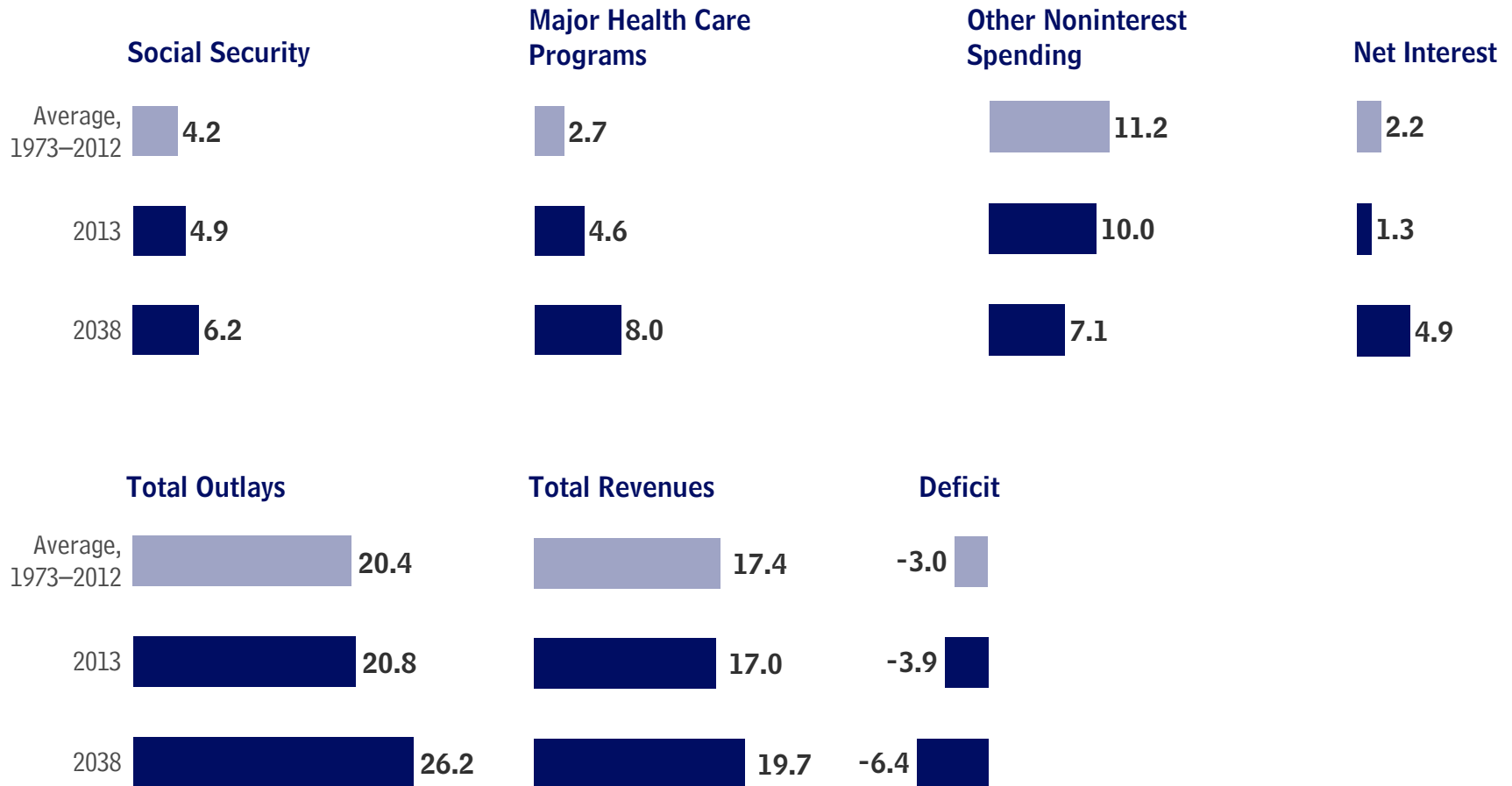
Federal Spending on Major Health Care Programs, by Category, Under CBO's Extended Baseline

(Percentage of gross domestic product)



Spending and Revenues Under CBO's Extended Baseline

(Percentage of gross domestic product)



Conclusion

Given the aging of the population and rising costs for health care, attaining a sustainable federal budget will require the United States to deviate from the policies of the past 40 years in at least one of the following ways:

- Raise federal revenues significantly above their average share of GDP
- Make major changes to Social Security and federal health care programs
- Pursue some combination of the two approaches